

AMENDED SUBDIVISION PUBLIC REPORT

FOR

***THE ARROYOS QUARTZSITE* SUBDIVISION**

Registration No. DM 06-051473

SUBDIVIDER

**VANGUARD DEVELOPMENT QUARTZSITE, LLC,
an Arizona limited liability company**

EFFECTIVE DATE

October 10, 2006

First Amended March 21, 2007

DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land. The application and public report have not been subjected to a detailed examination by the Department. This proposed report was prepared by the subdivider and none of the information in this report has been verified by the Department. The purchaser should verify all facts before signing any documents. The information contained in this proposed report may change. The Department assumes no responsibility for the workmanship of any improvement in this development.

ARIZONA DEPARTMENT OF REAL ESTATE

**PHOENIX OFFICE:
2910 N. 44th Street
First Floor
Phoenix, Arizona 85018
(602) 468-1414 ext. 400**

**TUCSON OFFICE:
400 West Congress
Suite 523
Tucson, Arizona 85701
(520) 628-6940**

THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

1. You BE GIVEN this public report;
2. YOU SIGN A RECEIPT indicating that you received this report;

RECOMMENDS:

1. You DO NOT SIGN ANY AGREEMENT before you have read this report;
2. You see the EXACT PROPERTY you are interested in BEFORE SIGNING any document for lease or purchase.

ARIZONA LAW STATES:

1. THE SALE OR LEASE OF SUBDIVIDED LANDS PRIOR TO ISSUANCE OF THIS REPORT OR FAILURE TO DELIVER THIS REPORT TO YOU SHALL RENDER THE SALE OR LEASE RESCINDABLE BY YOU. ACTION TO RESCIND MUST BE BROUGHT WITHIN 3 YEARS FROM DATE OF EXECUTION OF PURCHASE AGREEMENT.
2. CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.
3. IF YOU HAVE SIGNED A PURCHASE AGREEMENT FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.

* A contract or agreement for purchase of a lot which includes a building or obligates the seller to complete construction of a building within two years from the contract date does not constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building or a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

GENERAL

This report includes: LOTS ONE (1) THROUGH ONE HUNDRED THREE (103), INCLUSIVE.

The map of this subdivision: was recorded **April 29, 2006** at Document No. **2006-3027**, records of La Paz County, State of Arizona.

The subdivision is approximately **22 acres +/-** in size. It has been divided into **103 lots**. Lot boundaries will be staked at corners and radii.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

SUBDIVISION LOCATION

Location: THE SUBDIVISION IS LOCATED IN THE TOWN OF QUARTZSITE, LA PAZ COUNTY, STATE OF ARIZONA, APPROXIMATELY ONE-HALF (1/2) MILE NORTH OF INTERSTATE-10 EXIT 19 (RIGGLES ROAD), AND HAS TWO (2) ENTRANCES LOCATED 1) APPROXIMATELY TWO HUNDRED TWENTY (220) FEET EAST OF THE CORNER OF RIGGLES ROAD AND COYOTE STREET AND 2) APPROXIMATELY SIX HUNDRED FORTY (640) FEET EAST OF THE CORNER OF RIGGLES ROAD AND QUAIL TRAIL.

SUBDIVISION CHARACTERISTICS

Topography: SUBDIVIDER DESCRIBES THE TERRAIN AS LEVEL, LOOSE SOIL, WITH TWO SMALL ARROYOS RUNNING FROM EAST TO WEST.

Flooding and Drainage: IN A LETTER DATED FEBRUARY 13, 2006, SIGNED BY PHILLIP W. ROSENDAHL, PE & RLS, OF ROSENDAHL & ASSOCIATES, INC., HE STATES IN PART THAT THE SUBJECT LOTS ARE “LOCATED IN A FEMA DESIGNATED ZONE “X”...DEFINED AS AREAS OF 500 YEAR AND 100 YEAR FLOODING WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN ONE SQUARE MILE AND AREAS PROTECTED BY LEVEES FROM THE 100-YEAR FLOOD. AREAS IN THIS ZONE DO NOT REQUIRE FLOOD INSURANCE. THE SITE HAS BEEN DESIGNED TO SHED RUNOFF WATER AWAY FROM THE BUILDING PADS AND CARRY THE FLOWS ALONG THE STREETS TO THE EXISTING WASH RUNNING THROUGH THE SITE.”

Soils: SUBDIVIDER ADVISES THAT PROPERTY IS NOT SUBJECT TO SUBSIDENCE OR EXPANSIVE TYPE SOILS.

Adjacent Lands and Vicinity: SENIOR APARTMENTS COMPLEX TO THE NORTHEAST AT THE SOUTHWEST CORNER OF QUAIL TRAIL AND SUN VALLEY AVENUE IS ZONED R-3, BUREAU OF LAND MANAGEMENT PROPERTY TO THE EAST AND NORTH IS ZONED R-1, TWO (2) VACANT UNSUBDIVIDED COMMERCIAL PARCELS TO THE WEST ARE ZONED C-2, AND VACANT PROPERTY TO THE SOUTH IS ZONED C-2.

This development is located under a military training route. The State Land Department and the State Real Estate Department maintain military training route maps available to the public. The military training route map is posted on the State Real Estate Department's web site.

AIRPORTS

PARKER, ARIZONA MUNICIPAL AIRPORT IS APPROXIMATELY THIRTY (30) MILES NORTH IN PARKER AZ.

UTILITIES

Electricity: ARIZONA PUBLIC SERVICE, (800) 253-9405, WWW.APS.COM. Facilities are located at the lot line. FOR IMPROVED LOTS, COSTS INCLUDED IN PURCHASE PRICE; AND FOR UNIMPROVED LOTS, COSTS ANTICIPATED TO APPROXIMATE \$100. A \$25 (PLUS TAX) ACTIVATION FEE WILL APPEAR ON THE FIRST BILL. APS MAY REQUIRE A DEPOSIT BEFORE TURNING ON SERVICE. TO TURN ON SERVICE, APS REQUIRES ACCESS TO THE METER. PLEASE CONTACT UTILITY COMPANY FOR FURTHER DETAILS.

Street Lights: SUBDIVIDER ADVISES THAT STREET LIGHTS WILL NOT BE PROVIDED.

Telephone: TDS TELECOM, 888-225-5837, WWW.TDSTELECOM.COM. Facilities are located at the lot line. FOR IMPROVED LOTS, COSTS INCLUDED IN PURCHASE PRICE; AND FOR UNIMPROVED LOTS, COSTS ANTICIPATED TO APPROXIMATE \$100. \$45 ONE-TIME INSTALLATION CHARGE FOR BASIC PHONE LINE. PLEASE CONTACT TELEPHONE COMPANY FOR FURTHER DETAILS.

IT IS POSSIBLE THAT YOU MAY NOT HAVE TELEPHONE SERVICE AT THE TIME OF CLOSING. YOU ARE ADVISED TO CONTACT YOUR SERVICE PROVIDER TO DETERMINE THE STATUS OF TELEPHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, IE: A CELLULAR TELEPHONE.

Propane gas: SUBDIVIDER ADVISES THAT PROPANE GAS MAY BE USED. SUBURBAN PROPANE, 928-669-5597, WWW.SUBURBANPROPANE.COM IN

ITS FEBRUARY 13, 2006 LETTER STATES “PER OUR CONVERSATION, SUBURBAN PROPANE WILL SUPPLY PROPANE FOR YOUR UPCOMING PROJECT IN QUARTZSITE. PER LOCAL CODES AND REGULATIONS AN APPROXIMATE COST TO SET A TANK WILL BE \$300.00 TO \$500.00. TODAY’S HOURLY RATE IS \$60.00 AN HOUR. ANY OTHER QUESTIONS OR CONCERNS PLEASE CALL OUR OFFICE.”

Water: TOWN OF QUARTZSITE AZ 928-927-4333, WWW.CLQUARTZSITE.AZ.US. FACILITIES ARE LOCATED AT THE LOT LINE. FOR IMPROVED LOTS, COSTS ANTICIPATED TO APPROXIMATE \$500 TO EXTEND INTO PROPERTY PLUS APPROXIMATE COSTS TO BE PAID TO THE TOWN OF QUARTZSITE BY PURCHASER/BUYER: \$625 FOR WATER METER, PLUS \$750 FOR CAPACITY FEE, AND \$16 FOR MONTHLY WATER FEE PLUS USAGE FEE. WHILE THE TOWN OF QUARTZSITE AWAITS FINAL APPROVAL OF ITS APPLICATION FOR AN ADEQUATE WATER SUPPLY DESIGNATION FROM THE ARIZONA DEPARTMENT OF WATER RESOURCES, A LETTER DATED APRIL 19, 2006, SIGNED BY FRANK PUTMAN, ASSISTANT DIRECTOR OF THE ARIZONA DEPARTMENT OF WATER RESOURCES, OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY, STATES IN PART “THE ARROYOS QUARTZSITE SUBDIVISION IS BEING SERVED GROUNDWATER BY THE TOWN OF QUARTZSITE. THE DEVELOPER HAS CHOSEN NOT TO DEMONSTRATE A 100-YEAR ADEQUATE WATER SUPPLY. THE CRITERIA FOR PHYSICAL, LEGAL AND CONTINUOUS AVAILABILITY AS SET FORTH IN A.A.C. R12-15-717 WERE NOT DEMONSTRATED, AND PROOF OF ADEQUATE WATER QUALITY, AS SET FORTH IN A.A.C. R12-15-718 WAS NOT PROVIDED. THEREFORE THE DEPARTMENT MUST FIND THE WATER SUPPLY TO BE INADEQUATE. FOR ADDITIONAL INFORMATION PLEASE CONTACT THE ARIZONA DEPARTMENT OF WATER RESOURCES AT (602) 771-8500.”

Sewage Disposal: TOWN OF QUARTZSITE AZ, 928-927-4333, WWW.CLQUARTZSITE.AZ.US. FACILITIES ARE LOCATED AT THE LOT LINE. FOR IMPROVED LOTS, COSTS ANTICIPATED TO APPROXIMATE \$500 TO EXTEND INTO THE PROPERTY PLUS APPROXIMATE COSTS TO BE PAID TO THE TOWN OF QUARTZSITE BY PURCHASER/BUYER: \$1,400 FOR CONNECTION FEE AND \$15 MONTHLY SEWER FEE.

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: LA PAZ COUNTY ROAD STANDARDS SHALL BE USED AS A GUIDELINE AND ROADS SHALL CONSIST OF AT LEAST TWO (2) INCHES OF CHIP SEAL OVER AN APPROPRIATE BASE, TO BE COMPLETED BY AUGUST 31, 2006. APPLICANT SHALL BE RESPONSIBLE FOR THE EXPENSE OF CONSTRUCTION OF ROADWAYS TO ACCEPTABLE STANDARDS FOR ONE-HALF THE RIGHT-OF-WAY ON ALL EXTERIOR ACCESS ROADWAYS ADJOINING THE PROJECT TO THE NORTH AND SOUTH. FUTURE DEVELOPERS OF THE COMMERCIAL PORTIONS OF THE PROPERTY SHALL BE RESPONSIBLE FOR FUTURE ROAD IMPROVEMENTS ON RIGGLES ROAD.

Access within the Subdivision: LA PAZ COUNTY ROAD STANDARDS SHALL BE USED AS A GUIDELINE AND ROADS SHALL CONSIST OF AT LEAST TWO (2) INCHES OF CHIP SEAL OVER AN APPROPRIATE BASE, TO BE COMPLETED BY APRIL 30, 2007.

Flood and Drainage: SUBDIVIDER'S ADVISES THAT A 24" STORM DRAIN WILL RUN NORTH AND SOUTH ON THE WEST SIDE OF THE SOUTH PORTION OF THE SUBDIVISION AND THE SITE HAS BEEN DESIGNED TO SHED RUNOFF WATER AWAY FROM THE BUILDING PADS AND CARRY THE FLOWS ALONG THE STREETS TO THE EXISTING WASH RUNNING THROUGH THE SITE, KEEPING THE BUILDINGS OF THE SITE FREE FROM INUNDATION DURING THE 100-YEAR STORM EVENT.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: SUBDIVIDER ADVISES THAT THERE SHALL BE PASEOS (PEDESTRIAN PATHS DESIGNATED ON THE PLAT), ENTRANCE MONUMENTS, AND FENCING OF EXTERIOR BOUNDARIES AS REQUIRED BY THE TOWN OF QUARTZSITE AND THAT THEY ARE ESTIMATED TO BE COMPLETED BY JUNE 30, 2007.

Within the Master Planned Community: THIS SUBDIVISION IS NOT PART OF A MASTER PLANNED COMMUNITY.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: SUBDIVIDER ADVISES ALL FACILITIES WILL BE COMPLETED ON OR BEFORE JUNE 30, 2007. ASSURANCE AGREEMENT FOR CONSTRUCTION OF REMAINING SUBDIVISION IMPROVEMENTS BETWEEN THE SUBDIVIDER (DEVELOPER), FIDELITY NATIONAL TITLE AGENCY, INC. (ESCROW COMPANY), AND CHICAGO TITLE INSURANCE COMPANY, A MISSOURI CORPORATION, AS TRUSTEE UNDER TRUST NUMBER 2057 (SUBDIVIDER'S TITLE HOLDER OF THE SUBDIVISION).

Assurances for Maintenance of Subdivision Facilities: AGREEMENTS WITH UTILITY PROVIDERS AND THE TOWN OF QUARTZSITE AZ, AND RECORDED DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS AND EASEMENTS FOR *THE ARROYOS QUARTZSITE*.

LOCAL SERVICES AND FACILITIES

Schools: QUARTZSITE ELEMENTARY SCHOOL (K-8) IS WITHIN 1-1/4 MILES, THE SCHOLARS ACADEMY CHARTER SCHOOL (9-12) IS WITHIN ¼ MILE, AND SALOME AZ'S BICENTENNIAL UNION HIGH SCHOOL (K-12) IS APPROXIMATELY FORTY (40) MILES EAST. SCHOOL BUS IS AVAILABLE TO ALL SCHOOLS.

SCHOOL FACILITIES AND BUS SERVICE MAY CHANGE. YOU SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS SERVICE.

Shopping Facilities: QUARTZSITE GENERAL STORE, 410 EAST MAIN, 928-927-6310 IS WITHIN 1-1/2 MILES; AND ROADRUNNER MARKET, 200 EAST MAIN, 928-927-6326 IS WITHIN 1-3/4 MILES.

Public Transportation: THE TOWN OF QUARTZSITE AZ'S MUNICIPAL TRANSIT VAN SERVICES THE SUBDIVISION.

Medical Facilities: VALLEY MEDICAL AND EYE CENTER, 394 NORTH CENTRAL BOULEVARD, 928-927-5454, IS WITHIN ½ MILE; LA PAZ MEDICAL SERVICES, 150 EAST TYSON ROAD, 928-927-8747 IS WITHIN 2 MILES; AND QUARTZSITE MEDICAL CENTER, 400 QUARTZSITE BOULEVARD, 928-927-6552, IS WITHIN 2 MILES.

Fire Protection: TOWN OF QUARTZSITE AZ FIRE DEPARTMENT, WITH COST INCLUDED IN PROPERTY TAXES.

Ambulance Service: SUBDIVIDER ADVISES THAT AMBULANCE SERVICE IS AVAILABLE TO SUBDIVISION BY CALLING 9-1-1.

Police Services: TOWN OF QUARTZSITE AZ POLICE DEPARTMENT.

Garbage Services: PALO VERDE DISPOSAL COMPANY, 760-922-9107, \$11.44 DEPOSIT ON CONTAINER AND \$23.68 MONTHLY COST FOR SERVICE.

LOCATIONS AND COSTS OF THE ABOVE SERVICES AND FACILITIES MAY CHANGE. YOU SHOULD VERIFY THEIR CURRENT LOCATIONS AND COSTS PRIOR TO PURCHASE.

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for **IMPROVED AND UNIMPROVED LOTS**. “**IMPROVED LOT OR PARCEL**” MEANS A LOT OR PARCEL OF A SUBDIVISION UPON WHICH LOT OR PARCEL THERE IS A RESIDENTIAL, COMMERCIAL OR INDUSTRIAL BUILDING OR CONCERNING A CONTRACT HAS BEEN ENTERED INTO BETWEEN A SUBDIVIDER AND A PURCHASER THAT OBLIGATES THE SUBDIVIDER DIRECTLY OR INDIRECTLY THROUGH A BUILDING CONTRACTOR, TO COMPLETE CONSTRUCTION OF A RESIDENTIAL, COMMERCIAL OR INDUSTRIAL BUILDING ON THE LOT OR PARCEL WITHIN TWO YEARS FROM THE DATE ON WHICH THE CONTRACT OF SAID, FOR THE LOT IS ENTERED INTO. “**UNIMPROVED LOT OR PARCEL**” MEANS A LOT OR PARCEL OF A SUBDIVISION THAT IS NOT AN IMPROVED LOT OR PARCEL.

Zoning: SINGLE FAMILY RESIDENTIAL.

Conditions, Reservations and Restrictions: RECORDED RESTRICTIONS (CC&Rs).

Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items which are recorded may be inspected at the Office of the LA PAZ County Recorder. Information about zoning may be obtained at the Office of the LA PAZ COUNTY Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

METHOD OF SALE OR LEASE

Sales: Your vested interest/ownership interest in the property will be evidenced by the subdivider delivering a recorded deed to you and by your signing a promissory note and mortgage or deed of trust for the unpaid balance, if any. YOU SHOULD READ THESE DOCUMENTS BEFORE SIGNING THEM.

PURCHASERS ARE ADVISED THAT EARNEST MONEY DEPOSITS, DOWN PAYMENTS AND OTHER ADVANCED MONEY WILL BE PLACED IN A NEUTRAL ESCROW, PRIOR TO THE SUBDIVIDER RECEIVING THE PUBLIC REPORT.

Release of Liens and Encumbrances: UPON ENTERING INTO ESCROW, IT WILL BE REQUIRED FOR ANY EXISTING DEED OF TRUST ON THE SUBJECT PROPERTY TO BE RELEASED BEFORE CLOSING ESCROW. CURRENT 1ST AND 2ND LIENHOLDERS WILL RELEASE THEIR LEINS UPON

ESCROW'S RECEIPT OF THEIR RESPECTIVE LOT RELEASE PRICE, WHICH IN TOTAL WILL BE LESS THAN THE LOT SALES PRICE.

Use and Occupancy: PURCHASER WILL BE PERMITTED TO USE AND OCCUPY HIS PROPERTY UPON CLOSE OF ESCROW AND RECORDATION OF DEED.

Leasehold Offering: NONE AVAILABLE.

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES PROVIDED BY LAW. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE.

TITLE

Title to this subdivision is vested in CHICAGO TITLE INSURANCE COMPANY, a Missouri Corporation, as Trustee under Trust Number 2057.

Subdivider's interest in this subdivision is evidenced by BENEFICIARY OF TRUST.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated **JUNE 14, 2006** issued by **CHICAGO TITLE INSURANCE COMPANY**. You should obtain a title report and determine the effect of the listed exceptions.

TAXES AND ASSESSMENTS

Real Property Taxes: THE COMBINED PRIMARY AND SECONDARY PROPERTY TAX RATE FOR THIS SUBDIVISION FOR THE YEAR 2005 IS \$12.8420 PER \$100.00 ASSESSED VALUATION. THE ESTIMATED PROPERTY TAX FOR AN IMPROVED LOT (LOT WITH DWELLING), BASED ON THE ABOVE TAX RATE AND AVERAGE SALES PRICE OF \$215,000.00, IS \$2,208.82. THE ESTIMATED PROPERTY TAX FOR AN UNIMPROVED LOT (VACANT), BASED ON THE ABOVE TAX RATE AND AVERAGE SALES PRICE OF \$65,000.00, IS \$667.78.

Special District Tax or Assessments: SUBDIVIDER ADVISES THERE ARE NO SPECIAL DISTRICT TAX OR ASSESSMENTS.

AMOUNT OF TAXES AND ASSESSMENTS SET FORTH ABOVE ARE APPROXIMATE ONLY AND SUBJECT TO CHANGE.

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: SUBDIVIDER ADVISES THERE IS NO HOMEOWNER'S ASSOCIATION.